

**A RESOLUTION AUTHORIZING THE CITY OF BURLINGTON
TO BORROW THE SUM OF \$1,500,000 BY ISSUING
GENERAL OBLIGATION PROMISSORY NOTES PURSUANT TO
SECTION 67.12(12) OF THE WISCONSIN STATUTES
AND AUTHORIZING THE SALE OF THE NOTES**

WHEREAS, the City of Burlington, Racine and Walworth Counties, Wisconsin (sometimes hereinafter called the "City") is presently in need of the sum of One Million Five Hundred Thousand Dollars (\$1,500,000) for the public purpose of financing street improvement projects; and,

WHEREAS, the Common Council deems it necessary and in the best interest of the City that the monies needed for such purpose be borrowed by issuing general obligation promissory notes pursuant to the provisions of Section 67.12(12), Wis. Stats., upon the terms and conditions hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Burlington, Racine and Walworth Counties, Wisconsin, that:

Section 1. Sale of Notes. The City shall sell and deliver its \$1,500,000 General Obligation Promissory Notes (the "Notes"), issued for the purpose above stated, to Community State Bank (the "Purchaser") for the purchase price of \$1,500,000.

Section 2. The Notes. The Mayor and City Clerk shall make, execute and deliver the Notes to the Purchaser, for and on behalf of the City. The Notes shall be negotiable, general obligation promissory notes of the City, registered as to both principal and interest, in the denomination of Five Thousand Dollars (\$5,000) each or whole multiples thereof, numbered from R-1 upward and dated August 28, 2007. The Notes shall bear interest at the rate of 4.00% per annum (calculated on the basis of a 365-day year and actual days elapsed) and shall mature on February 28, 2008, as set forth in the debt service schedule attached hereto as Exhibit A and incorporated herein by this reference (the "Schedule").

Interest on the Notes shall be payable at maturity on February 28, 2008.

The Notes are subject to redemption prior to maturity, at the option of the City, on any date after September 28, 2007. Said Notes are redeemable as a whole or in part, and if in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

Section 3. Form of Notes. The Notes shall be in substantially the form attached hereto as Exhibit B and incorporated herein by this reference.

Section 4. Tax Provisions.

(A) Direct, Annual Irrepealable Tax. For the purpose of paying the principal of and interest on the Notes as the same become due, the full faith, credit and resources of the City are hereby irrevocably pledged and there be and there hereby is levied on all the taxable property

in the City a direct, annual, irrevocable tax in the year 2007 for payment of principal of and interest on the Notes on February 28, 2008, in the amount set forth in the Schedule.

(B) Tax Collection. The City shall be and continue without power to repeal such levy or obstruct the collection of said tax until all such payments have been made or provided for. After the issuance of the Notes, said tax shall be, from year to year, carried into the tax rolls of the City and collected as other taxes are collected, provided that the amount of tax carried into said tax rolls may be reduced in any year by the amount of any surplus money in the Debt Service Account created in Section 5(A) hereof.

(C) Additional Funds. If at any time there shall be on hand insufficient funds from the aforesaid tax levy to meet principal and/or interest payments on said Notes when due, the requisite amounts shall be paid from other funds of the City then available, which sums shall be replaced upon the collection of the taxes herein levied.

Section 5. Debt Service Fund and Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the City, if one has not already been created, a debt service fund, separate and distinct from every other fund, which shall be maintained in accordance with generally accepted accounting principles. Sinking funds established for obligations previously issued by the City may be considered as separate and distinct accounts within the debt service fund.

Within the debt service fund, there be and there hereby is established a separate and distinct account designated as the "Debt Service Account for \$1,500,000 'General Obligation Promissory Notes,' dated August 28, 2007" (the "Debt Service Account") and such account shall be maintained until the indebtedness evidenced by the Notes is fully paid or otherwise extinguished. The City Treasurer shall deposit in such Debt Service Account (i) all accrued interest received by the City at the time of delivery of and payment for the Notes; (ii) the taxes herein levied for the specific purpose of meeting principal of and interest on the Notes when due; (iii) such other sums as may be necessary at any time to pay principal of and interest on the Notes when due; (iv) any premium which may be received by the City above the par value of the Notes and accrued interest thereon; (v) surplus monies in the Borrowed Money Fund as specified in Section 6 hereof; and (vi) such further deposits as may be required by Sec. 67.11, Wis. Stats.

(B) Use and Investment. No money shall be withdrawn from the Debt Service Account and appropriated for any purpose other than the payment of principal of and interest on the Notes until all such principal and interest has been paid in full and canceled; provided (i) the funds to provide for each payment of principal of and interest on the Notes prior to the scheduled receipt of taxes from the next succeeding tax collection may be invested in direct obligations of the United States of America maturing in time to make such payments when they are due or in other investments permitted by law; and (ii) any funds over and above the amount of such principal and interest payments on the Notes may be used to reduce the next succeeding tax levy, or may, at the option of the City, be invested by purchasing the Notes as permitted by and subject to Section 67.11(2)(a), Wis. Stats., in interest-bearing obligations of the United States of America, in other obligations of the City or in other investments permitted by law, which investments shall continue to be a part of the Debt Service Account.

(C) Remaining Monies. When all of the Notes have been paid in full and canceled, and all permitted investments disposed of, any money remaining in the Debt Service Account shall be deposited in the general fund of the City, unless the Common Council directs otherwise.

Section 6. Proceeds of the Notes. All monies received by the City upon the delivery of the Notes to the Purchaser thereof, except for accrued interest and premium, if any, shall be deposited by the City Treasurer into a special fund (the "Borrowed Money Fund") which shall be maintained separate and distinct from all other funds of the City and shall be used for no purpose other than the purpose for which the Notes are issued. Monies in the Borrowed Money Fund may be temporarily invested as provided in Section 66.0603(1m), Wis. Stats. Any monies, including any income from permitted investments, remaining in the Borrowed Money Fund after the purpose for which the Notes have been issued has been accomplished, and, at any time, any monies as are not needed and which obviously thereafter cannot be needed for such purpose shall be deposited in the Debt Service Account.

Section 7. No Arbitrage. All investments permitted by this resolution shall be legal investments, but no such investment shall be made in such a manner as would cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or the Regulations of the Commissioner of Internal Revenue thereunder (the "Regulations"); and an officer of the City, charged with the responsibility for issuing the Notes, shall certify as to facts, estimates, circumstances and reasonable expectations in existence on the date of closing which will permit the conclusion that the Notes are not "arbitrage bonds," within the meaning of the Code or Regulations.

Section 8. Persons Treated as Owners; Transfer of Notes. The City Clerk shall keep books for the registration and for the transfer of the Notes. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Note shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

Any Note may be transferred by the registered owner thereof by surrender of the Note at the office of the City Clerk, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the Mayor and City Clerk shall execute and deliver in the name of the transferee or transferees a new Note or Notes of a like aggregate principal amount, series and maturity, and the City Clerk shall record the name of each transferee in the registration book. No registration shall be made to bearer. The City Clerk shall cancel any Note surrendered for transfer.

The City shall cooperate in any such transfer, and the Mayor and City Clerk are authorized to execute any new Note or Notes necessary to effect any such transfer.

The fifteenth day of each calendar month next preceding each interest payment date shall be the record dates for the Notes. Payment of interest on the Notes on any interest payment date shall be made to the registered owners of the Notes as they appear on the registration book of the City at the close of business on the corresponding record date.

Section 9. Compliance with Federal Tax Laws.

(a) The City represents and covenants that the projects financed by the Notes and their ownership, management and use will not cause the Notes to be "private activity bonds" within the meaning of Section 141 of the Code. The City further covenants that it shall comply with the

provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Notes including, if applicable, the rebate requirements of Section 148(f) of the Code. The City further covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Notes) if taking, permitting or omitting to take such action would cause any of the Notes to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Notes to be included in the gross income of the recipients thereof for federal income tax purposes. The City Clerk or other officer of the City charged with the responsibility of issuing the Notes shall provide an appropriate certificate of the City certifying that the City can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The City also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Notes provided that in meeting such requirements the City will do so only to the extent consistent with the proceedings authorizing the Notes and the laws of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

Section 10. Designation as Qualified Tax-Exempt Obligations. The Notes are hereby designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Section 11. Records. The City Clerk shall provide and keep a separate record book and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing these Notes.

Section 12. Closing. The Mayor and City Clerk of the City are hereby authorized and directed to execute and deliver the Notes to the Purchaser thereof upon receipt of the borrowed funds, accrued interest to date of delivery and premium, if any. The Mayor and City Clerk may execute the Notes by manual or facsimile signature, but at least one of said officers shall sign the Notes manually.

The officers of the City are hereby directed and authorized to take all steps necessary or convenient to close this issue as soon as practicable hereafter, in accordance with the terms of sale thereof; and said officers are hereby authorized and directed to execute and deliver such documents, certificates and acknowledgments as may be necessary or convenient in accordance therewith.

Introduced: August 21, 2007
Adopted: August 21, 2007

Claude Lois, Mayor

Attest:

Beverly R. Gill, City Clerk

EXHIBIT A

DEBT SERVICE SCHEDULE AND IRREPEALABLE TAX LEVIES

(SEE ATTACHED)

EXHIBIT B

UNITED STATES OF AMERICA
STATE OF WISCONSIN
RACINE AND WALWORTH COUNTIES
CITY OF BURLINGTON

GENERAL OBLIGATION PROMISSORY NOTE

<u>Number</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>Amount</u>
R-	%	February 28, 2008	August 28, 2007	\$

FOR VALUE RECEIVED, the City of Burlington, Racine and Walworth Counties, Wisconsin, promises to pay to _____, or registered assigns, the principal amount of _____ DOLLARS (\$_____) on the maturity date specified above, together with interest thereon from August 28, 2007, at the rate per annum specified above, such interest being payable at maturity.

The Notes are subject to redemption prior to maturity, at the option of the City, on any date. Said Notes are redeemable as a whole or in part, and if in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption. Notice of such call shall be given by sending a notice thereof by registered or certified mail, facsimile transmission, electronic transmission or overnight express delivery at least five (5) days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

Both principal hereof and interest hereon are hereby made payable to the registered owner in lawful money of the United States of America, and for the prompt payment of this Note with interest thereon as aforesaid, and the levying and collection of taxes sufficient for that purpose, the full faith, credit and resources of the City of Burlington, Wisconsin, are hereby irrevocably pledged. The principal of this Note shall be payable only upon presentation and surrender of this Note at the office of the City Treasurer. Interest hereon shall be payable by check or draft dated as of the applicable interest payment date and mailed from the office of the City Treasurer to the person in whose name this Note is registered at the close of business on the fifteenth day of the calendar month next preceding each interest payment date.

This Note is transferable only upon the books of the City kept for that purpose at the office of the City Clerk, by the registered owner in person or his duly authorized attorney, upon surrender of this Note together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the City Clerk duly executed by the registered owner or his duly authorized attorney. Thereupon a new Note or Notes of the same aggregate principal amount, series and maturity shall be issued to the transferee in exchange therefor. The City may deem and treat the person in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or interest hereof and for all other purposes. The Notes are issuable solely as negotiable, fully-registered Notes without coupons in authorized denominations of \$5,000 or any whole multiple thereof.

This Note is issued pursuant to the provisions of Section 67.12(12), Wisconsin Statutes, for the public purpose of financing street improvement projects, and is authorized by a resolution of the Common Council of the City, duly adopted by said Common Council at its meeting duly convened on August 21, 2007, which resolution is recorded in the official book of its minutes for said date.

This Note has been designated by the City as a "qualified tax-exempt obligation" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this Note have been done, have existed and have been performed in due form and time; that the aggregate indebtedness of the City, including this Note and others authorized simultaneously herewith, does not exceed any limitation imposed by law or the Constitution of the State of Wisconsin; and that the City has levied a direct, annual irrepealable tax sufficient to pay this Note, together with interest thereon when and as payable.

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

IN WITNESS WHEREOF, the Common Council of the City of Burlington, Racine and Walworth Counties, Wisconsin, has caused this Note to be signed on behalf of said City by its duly qualified and acting Mayor and City Clerk, and its corporate seal to be impressed hereon, all as of the date of original issue specified above.

(SEAL)

CITY OF BURLINGTON,
RACINE AND WALWORTH COUNTIES,
WISCONSIN

By _____
City Clerk

By _____
President

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

(Please print or typewrite name and address, including zip code, of Assignee)

Please insert Social Security or other
identifying number of Assignee

the within Note, and all rights thereunder, hereby irrevocably
constituting and appointing

Attorney to transfer said Note on the books kept for the registration thereof with full power of
substitution in the premises.

Dated:

NOTICE: The signature to this assignment
must correspond with the name as it appears
upon the face of the within Note in every
particular, without alteration or enlargement
or any change whatever.

Signature(s) guaranteed by:
